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### **Testimony On:**

Proposed Bill 117: An Act Limiting Increases In Health Insurance Premiums  
Based On Age Band Adjustments

Insurance & Real Estate Committee  
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Submitted By: Stephen Karp, MSW, Executive Director

The National Association of Social Workers, Connecticut Chapter, representing over 3200 members, supports Proposed Bill 117.

As a small non-profit employer that is committed to providing comprehensive health insurance to eligible employees we have found that our options for coverage are extremely limited. First limited as to the number of insurers who will write a policy for a group of up to four employees and then further limited as to finding comprehensive coverage that is affordable given our organization's budget.

Having premiums rated by age negatively impacts on our chapter office where all insurance eligible employees are in age brackets of mid-40's to late 50's. Four years ago, after turning 55 my premium increase went up 44%, primarily due to entering a new age bracket. The rate increase in 2010 was 24%, in 2011 was 9%, and in 2012 just under 10%. For a small non-profit these are very challenging costs to meet.

The current rating of small employers by age clearly creates a disincentive for a small business to hire more experienced employees who will drive up premiums costs solely due to age. While age discrimination in employment is illegal it is easy for an employer to justify hiring of a younger person and difficult for an older worker to prove denial of employment due to age. Eliminating increases by age bands or changing age bands so that adjustments are made at intervals of ten years age (i.e. changes at ages 30, 40, 50, etc) rather than the current 5 year brackets would ease the cost burden on small employers. Such a change will also assist in the hiring of older workers and reduce disincentives of hiring workers who are in their 50s and 60s.

This year we switched coverage to a policy under MEHIP where age rating is not in effect. The policy does have higher deductibles and co-pays than the previous policy offered to our employees but given costs of our previous policy that included age rating at five year brackets we had no choice but to switch. It does however raise the question why MEHIP that utilizes private insurers can offer coverage that is not age rated but private insurers cannot do the same in the open market?

We urge support for elimination or at least reduction in the application of age banded premium rating.